

**FUTURE U.S. AGRICULTURAL POLICY AND THE 2007
FARM BILL**

Testimony

of the

California Cattlemen's Association

to the

**United States House of Representatives
Committee on Agriculture**

Presented by

**Bruce Hafenfeld
First Vice President**

**March 3, 2006
Stockton, CA**

Chairman Goodlatte, Ranking Member Peterson, and members of the Committee, thank you for the opportunity to present the California cattle industry's perspective on the upcoming 2007 Farm Bill. My name is Bruce Hafenfeld, and I am a rancher from Weldon, California and the First Vice-President of the California Cattlemen's Association, a nonprofit, nonpartisan trade association representing our state's beef cattle producers in legislative and regulatory affairs. I also serve on the Board of Directors for the National Cattlemen's Beef Association, the trade association for U.S. beef cattle producers.

Beef cattle are one of California's most important agricultural products, bringing in \$1.63 billion in cash receipts in 2004. Additionally, cattle ranchers are the primary stewards of California's expansive open spaces – ranchers own and/or manage over 34 million acres in our state. These working landscapes support over 90% of the species listed as threatened or endangered under the Endangered Species Act in California and safeguard our state's watersheds – almost all of the surface water consumed in California's population centers flows through or is derived from properties used for grazing.

I'm here to communicate to you that these properties are facing pressures that only jeopardize the viability of ranching in the great state of California, but also threaten millions of acres needed by key wildlife species. The amount of rangeland available to beef cattle producers in California is decreasing due to development and other conversion pressures, and the acquisition of rangeland by conservation organizations and public agencies, who in many cases remove grazing from the property. While various estimates of rangeland reduction have been made, the trend is clear – the base amount of rangeland in California available to ranchers has been declining throughout the 1990s by tens of thousands of acres per year and is projected to continue to decline at a similar rate through 2040. This is a death sentence for the future of the cattle business in California, and has major implications for our state's ecological well-being. Moreover, while my comments address pressures faced by California cattle producers, these same pressures are unquestionably faced by ranchers in other states, and thus should be addressed by Congress sooner rather than later.

Despite the tremendous land base utilized by ranchers, and the fact that the beef cattle industry remains the number one sector of agriculture in the U.S. (in terms of market value), ranching activities receive relatively little attention from federal farm programs. If we are to succeed in the 21st century and pass our operations on to subsequent generations, we're going to need policies which, among other things, better reward these stewardship efforts without compromising the viability of our agricultural operations. We strongly believe that the 2007 Farm Bill should place higher priority on enhancing and fully funding conservation programs including the Grasslands Reserve Program, the Conservation Security Program, the Farm and Ranchland Protection Program, the Environmental Quality Incentives Program, and the Wetlands Reserve Program.

However, this is not just a request for more dollars. We need members of the House Agriculture Committee to compel USDA to work more closely with the agricultural community in making these programs more user-friendly. Far too often, good conservation programs have been seriously undermined by policies which preclude participation by interested producers, or limit the extent to which ranchers can participate. Additionally, we believe the effectiveness of these

programs can be dramatically improved by allowing them to take advantage of all potential funding sources.

There are a few specific challenges ranchers face with respect to implementation of USDA conservation programs, as follows:

First, with the tremendous amount of funding generated through mitigation for endangered species, the effectiveness of USDA conservation programs could be greatly enhanced by allowing the opportunity to cost-share these funds with USDA conservation program funding. In this manner, the limited amount of USDA conservation dollars available can be leveraged to meet the conservation goals of USDA, and the mitigation requirements of U.S. Fish & Wildlife Service biological opinions. Presently, USDA is restricted from utilizing mitigation funding for cost-sharing under the EQIP and WRP programs. In FY2004 alone, just one Department of Interior agency – the U.S. Fish & Wildlife Service – spent \$60 million just on habitat acquisition. Far more land can be maintained as wildlife habitat and kept in agricultural production by allowing these dollars to be pooled with USDA dollars to purchase easements on rangeland. By leaving these lands in agricultural production we not only meet conservation goals, but also preserve rural economies, and tax bases at no extra cost to the government. I have firsthand experience with this issue – on my own ranch we're working with NRCS, U.S. Fish & Wildlife Service, Army Corps of Engineers, to pioneer this type of project.

Second, more flexibility is needed with respect to cost sharing and payment limitations. USDA needs more flexibility to alter cost-sharing requirements where appropriate, and adjust payment limitations. In many cases, ranchers simply aren't able to contribute a required amount of cost-sharing (50% in EQIP, for example) if the project will generate little in the way of additional economic activity, but have substantial benefits for wildlife. Additionally, arbitrarily setting numerical caps that render some producers eligible and others ineligible also limits the success of these programs.

Third, certain USDA conservation programs, including the GRP and FRPP, utilize conservation easements. Many ranchers are skeptical of participating in these programs because they simply don't trust the government. To solve this problem, the 2007 Farm Bill should give USDA more flexibility to allow private land trusts to not only hold these easements, but also negotiate the terms with state NRCS offices. A major benefit of this approach is that private land trusts can manage easements at no ongoing cost to the public. Ranchers in California have founded the California Rangeland Trust for exactly this purpose. This organization is led by ranchers, has the trust of the ranching community, and today holds easements on more than 175,000 acres. More significantly, the California Rangeland Trust has applications from ranchers totaling more than 400,000 acres, with very few means to meet this demand. The interest in conservation from the ranching community is tremendous – we just need more flexibility in current programs to make them workable.

Fourth, ranchers are skeptical about participation in USDA conservation programs because they create a federal nexus, and can entail participation in permitting processes administered by Department of Interior agencies. These processes can be lengthy, tiresome, and expensive to deal with. The 2007 Farm Bill should compel a greater degree of interaction between USDA and the

Department of Interior in implementing conservation measures on private property. We would propose a state coordinator position within NRCS to coordinate between federal agencies the implementation of conservation programs. At this time, we are working with U.S. Fish & Wildlife Services Region 1 to do just that. In addition, the committee may wish to consider additional means by which to protect the property rights, property value, and liability of ranchers utilizing USDA conservation programs, including safe harbor agreements and critical habitat exclusions. Again, without these kinds of safeguards from restrictive regulation, the reach of many USDA conservation programs is limited.

Lastly, we believe there are other ways in which federal farm policy can better promote the viability of working landscapes in a cost-effective manner. We have long been supportive of tax deductions for those landowners who choose to protect their property via conservation easements, and tax incentives for voluntary stewardship efforts. As long as such tax benefits are offered only in those instances where these properties stay in agricultural production, they are concepts which the committee should seriously consider when developing the 2007 Farm Bill.

Cattlemen practice conservation as a vital and necessary part of our business. It is not collateral or a consequence. Our way of life, and the continued viability of a tremendous number of native species, are wholly dependent on large, tracts of open space. As such, members of the committee should not be surprised to learn that the unique and significant land-use pressures faced by California cattle producers have compelled us to work on seeking common ground with the conservation community in a manner never before attempted. As a part of my written testimony, I am submitting to each of you today the California Rangeland Resolution, signed by roughly forty agricultural and conservation organizations, as well as federal and state agencies. This unprecedented agreement brings us together in not only recognizing the ecological benefits inherent to ranching, but also in shared efforts to improve the viability of ranching in California, conserve privately-owned working landscapes and facilitate voluntary conservation efforts. We look forward to working with members of the committee to promote these initiatives during the development of the 2007 Farm Bill.

Switching gears a little...I would also like to address another subject which hits close to home for me. In August 2002, much of my summer grazing property was consumed by the McNally Fire. I personally lost nearly 100 head. A year later, a number of ranchers in Southern California suffered similar damages as a result of the Simi, Cedar, and Paradise fires. As our industry organizations worked with members of Congress and USDA to provide disaster assistance in the wake of these tragedies, it became abundantly clear that there were serious problems associated with the Emergency Conservation Program, which was funded by Congress in the FY2004 appropriations process to assist in the rebuilding of these farms and ranches. Among other problems, the Emergency Conservation Program does not cover the cost of rebuilding livestock handling facilities, reseeding rangelands, or rebuilding most types of fencing. For these reasons and others this program was not particularly helpful for our producers in Southern California, which was very disappointing.

We could very much use a program specifically tailored to assist producers in rebuilding their livelihoods after these kinds of disasters, instead of trying to stuff a conservation program peg into a disaster assistance hole. This new program should provide producers greater flexibility to

take on projects which rebuild their operations and also provide for direct payments instead of reimbursements. On behalf of the cattle industry, we strongly encourage members of the committee to create an agricultural disaster assistance program within the 2007 Farm Bill.

In conclusion, it is imperative that the 2007 Farm Bill recognizes ranchers' contributions to both the economic strength and environmental health of our great nation. Through relatively modest changes to existing programs, there are clearly better ways to use the extremely limited pool of federal funds to more efficiently conserve our natural resources, protect the future viability of ranching, and provide for individual opportunity for success. On behalf of the California cattle industry, we thank you again for the opportunity to provide this testimony, and we look forward to working with each of you on the 2007 Farm Bill.

Feb. 21. 2006 3:44PM California Cattlemen's Assr.

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Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Bruce A. HAFENFELDAddress: P.O. Box 58 Weldon Ca 93283Telephone: 760-378-2747Organization you represent (if any): Cal. Cattlemen's Assoc. (Af. VP)
National Cattlemen's Beef Assoc. - Director

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: NA Amount: 0

Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: NA Amount: 0

Source: _____ Amount: _____

Please check here if this form is NOT applicable to you: _____

Signature: Bruce A. Hafenfeld

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

Committee on Agriculture
U.S. House of Representatives
Information Required From Non-governmental Witnesses

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Bruce HAFENFELD
2. Business Address: P.O. Box 58
Weldon Calif. 93283
3. Business Phone Number: 760-378-2747
4. Organization you represent: Calif. Cattlemen's Assoc. 1st VP.
5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:
own and operate a commercial cow calf operation with over 35 years in the beef cattle business.
6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:
Grad. Cal Poly with a B.S. in Animal Husbandry served and represent Calif. Cattlemen at County State levels and am a Director for Nat. Cattlemen Beef Assn.
7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:
1st V.P. Calif. Cattlemen.

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.

BRUCE HAFENFELD

Bruce Hafenfeld was born and raised in Orange County, California, and began working within the beef cattle industry as a young man at the Irvine Ranch Company. After high school he attended Cal Poly, San Luis Obispo and earned his Bachelor of Science degree in Animal Science. Upon graduation, he became a Naval Flight Officer and ultimately obtained the rank of Captain. Bruce and his wife Sylvia have been married for 30 years and have two children, Eric and Jessica.

Hafenfeld began his own cattle business in 1975, and currently owns and operates a family ranch headquartered in Weldon, CA raising commercial cows, calves and stockers on both private property and on a federal grazing allotment on the Sequoia National Forest. He is extremely involved in many facets of the agriculture industry, and has served as the President of the Kern County Cattlemen's Association, a Director of the Kern County Farm Bureau, a member of the Kern County Fair Livestock committee, and as the Chairman of the California Cattlemen's Association Public Lands Committee.

Presently, Bruce serves as the First Vice President of the California Cattlemen's Association, and as a member of the National Cattlemen's Beef Association Board of Directors.

The California Rangeland Resolution

The undersigned recognize the critical importance of California's privately owned rangelands, particularly that significant portion that encircles the Central Valley and includes the adjacent grasslands and oak woodlands, including the Sierra foothills and the interior coast ranges. These lands support important ecosystems and are the foundation for the ranching industry that owns them.

WHEREAS, these rangelands include a rich and varied landscape of grasslands, oak woodlands, vernal pools, riparian areas and wetlands, which support numerous imperiled species, many native plants once common in the Central Valley, and are home to the highest diversity and density of wintering raptors anywhere in North America;

WHEREAS, these rangelands are often located in California's fastest-growing counties and are at significant risk of conversion to development and other uses;

WHEREAS, these rangelands, and the species that rely on these habitats, largely persist today due to the positive and experienced grazing and other land stewardship practices of the ranchers that have owned and managed these lands and are committed to a healthy future for their working landscapes;

WHEREAS, these rangelands are a critical foundation of the economic and social fabric of California's ranching industry and rural communities, and will only continue to provide this important working landscape for California's plants, fish and wildlife if private rangelands remain in ranching;

THEREFORE, we declare that it is our goal to collaboratively work together to protect and enhance the rangeland landscape that encircles California's Central Valley and includes adjacent grasslands and oak woodlands by:

- Keeping common species common on private working landscapes;
- Working to recover imperiled species and enhancing habitat on rangelands while seeking to minimize regulations on private lands and streamline processes;
- Supporting the long-term viability of the ranching industry and its culture by providing economic, social and other incentives and by reducing burdens to proactive stewardship on private ranchlands;
- Increasing private, state and federal funding, technical expertise and other assistance to continue and expand the ranching community's beneficial land stewardship practices that benefit sensitive species and are fully compatible with normal ranching practices;
- Encouraging voluntary, collaborative and locally-led conservation that has proven to be very effective in maintaining and enhancing working landscapes;
- Educating the public about the benefits of grazing and ranching in these rangelands.

SIGNED BY:

Alameda County Board of Supervisors
Alameda Co. Resource Conservation District
American Land Conservancy
Audubon California Society
Bureau of Land Management
Butte Environmental Council
Ca. Association of Resource Conservation Districts
California Cattlemen's Association
California Department of Conservation
California Dept of Fish and Game
California Dept of Food and Agriculture
California Farm Bureau Federation
California Grazing Lands Coalition
California Native Grasslands Association
California Native Plant Society
California Oak Foundation
California Rangeland Trust
California Resources Agency
California Wildlife Foundation

Cal-Pac Section Society of Range Management
Central Valley Farmland Trust Council
Defenders of Wildlife
Environmental Defense
Institute for Ecological Health
Jumping Frog Research Institute
Natural Resources Conservation Service
San Joaquin Raptor/Wildlife Rescue Center
San Joaquin Valley Conservancy
Sierra Foothills Audubon Society
Sustainable Conservation
The Nature Conservancy
Trust for Public Land
US Fish and Wildlife Service
US Forest Service
VernalPools.org
Western Shasta Resource Conservation District
Wildlife Conservation Board

